

Message Text

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17

ACTION EA-10

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FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03

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R 020736Z JAN 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 3340

INFO USLO PEKING

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY MOSCOW

CINCPAC HONOLULU HI

AMEMBASSY BANGKOK UNN

AMEMBASSY JAKARTA UNN

AMEMBASSY KUALA LUMPUR UNN

AMEMBASSY MANILA UNN

AMEMBASSY RANGOON UNN

AMEMBASSY ROME UNN

AMEMBASSY SINGAPORE UNN

AMEMBASSY VIENTIANE UNN

AMEMBASSY CANBERRA UNN

AMEMBASSY SAIGON UNN

COMUSTDC

FBIS OKINAWA

AMCONSUL BRISBANE UNN

AMEMBASSY PARIS UNN

C O N F I D E N T I A L HONG KONG 0019

CINCPAC FOR POLAD

E.O. 11652: GDS

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TAGS: ECON MPOL CH

SUBJ: PRC NEW YEAR'S EDITORIAL: ECONOMIC ASPECTS

REF: HK 0001

SUMMARY: COVEYING A SCALED DOWN SENSE OF SATISFACTION WITH PROGRESS ON ECONOMIC MATTERS-- BUT STILL MASKING 1974'S INDUSTRIAL OUTPUT PROBLEMS--- THE PRC NEW YEAR'S EDITORIAL MAKES A LOW -KEY CALL FOR FURTHER ACHEIVEMENTS. EXCEPT FOR UNUSUAL REFERENCE TO NATIONAL DEFENSE, IT GENERALLY REITERATES WELL-WORN POLICY SLOGANS AND PRIORITIES. END SUMMARY

1. THE EDITORIAL SAYS 1974 SAW " AN ALL-AROUND GOOD HARVEST" ON TOP OF 12 YEARS OF "CONSECUTIVE GOOD HARVESTS" AND IT ALSO CALIMS THAT THE TOTAL VALUE OF INDUSTRIAL AND AGRICULTURAL OUTPUT SHOWED " A FRESH INCREAS" OVER 1973. THESE ARE MODEST AND REALISTIC CLAIMS THAT BOTH TONE DOWN THE IMPRESSION OF GREATER ACHEVEMENTS CONVEYED IN RECENT INDIVIDUAL NCNA NEWS ITEMS AND MASK ADMITTED PROBLEMS IN INDUSTRY PARTICULARLY DURING THE FIRST HALF OF 1974.

2. LOOKING TO 1975 AS THE CONCLUDING YEAR OF THE FOURTH FIVE YEAR PLAN (FYP), THE EDITORIAL CALLS, IN WELL-WORN TERMS, FOR OVERFULFILLMENT OF THE FYP AND FOR A SPEEDING UP OF SOCIALIST CONSTRUCTION. THE POLICY PHRASES USED ARE BOTH FAMILIAR AND SEEMINGLY APPROPRIATE TO THE PROBLEMS BEING FACED. THE PRIORITY ORDER IS AGRICULTURE, LIGHT INDUSTRY, AND HEAVY INDUSTRY, AND THE NATIONAL ECONOMIC PLAN PRIORITIES ARE TO CONTINUE TO BE ARRANGED IN THIS ORDER. SELF-RELIANCE IS INCLUDED BUT NOT EMPHASIZED THROUGH THE SLOGANS OF MAINTAINING INDEPENDENCE, KEEPING THE INTITIATIVE IN OUR OWN HANDS, AND RELYING ON OUR OWN EFFORTS AND THE CALL TO LEARN FROM TACHING AND TACHIA, THE NATIONAL MODELS IN INDUSTRY AND AGRICULTURE, RESPECTIVELY. THE APPARENT GOALS OF ALL THESE EFFORTS ARE "TO DEVELOP AGRICULTURE IN A BIG WAY, STEP UP INDUSTRIAL SUPPORT FOR AGRICULTURE, STENGTHEN BASIC INDUSTRIES, AND MAKE EARNEST EFFOTTS TO RUN NATIONAL DEFENSE INDUSTRIES WELL".

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3. THE UNUSUAL NOTE ISSIHE MENTION OF NATIONAL DEFENSE WHICH IS LISTED AMONG THE ECONOMIC TAKS FOR THE NEW YEAR. AS WE SUGGESTED IN OUR GENERAL ASSESSMENT OF THE EDITORIAL (REFTEL), THIS ATTENTION TO THE PRODUCTION ASPECT OF MILITARY AFFAIRS APPERS TO BE PART OF THE GENERAL ECONOMICS PERSPECTIVE ADOPTED IN THE EDITORIAL. HOWEVER, BECAUSE IT IS NEW, AND IN LIGHT OF EARLIER

SIGNS THAT DEFENSE POLICY AND SPENDING HAVE BEEN UNDER DEBATE, WE WILL WANT IN THE NEW YEAR TO WATCH FOR A POSITIVE SIGN THAT WOULD INDICATE A CHANGE IN THE RELATIVE ALLOCATION OF RESOURCES TO MILITARY SPENDING.

4. THE EDITORIAL DOES NOT USE THE "NEW LEAP" PHRASE THAT HAS BECOME PROMINENT IN RECENT PROVINCIAL BROADCASTS ON ECONOMIC TOPICS, PARTICULARLY AGRICULTURE, BUT A CAMPAIGN TO INCREASE PRODUCTION IS IMPLICIT IN THE EDITORIAL'S ASSERTION THAT WITH THE DEPENING OF THE CRITICISM MOVEMENT THERE IS "BOUND TO BE A NEW UPSURGE IN SOCIALIST CONSTRUCTION, AND WE MUST TAKE THIS INTO FULL ACCOUNT". THE EDITORIAL GOES ON TO CALL FOR SPEEDING UP SOCIALIST CONSTRUCTION, INDICATING THE NEED BOTH FOR BROAD UNITY AND FOR RELIANCE ON THE WORKING CLASS AND POOR AND LOWER-MIDDLE PEASANTS-- THEROETICALLY THE ACTIVIST CLASSES IN SOCIETY-- TO ACCOMPLISH IT.

5. OVERALL, THE ECONOMIC PASSAGES AE MODEST IN THEIR CLAIMS OF ACCOMPLISHMENTS AND SUBDUED IN THE GOALS IMPLIED FOR THE NEW YEAR. EXCEPT FOR THE UNUSUAL REFERENCES TO NATIONAL DEFENSE, THE POLICY SLOGANS CONVEY THE IMPRESSION OF JUST MORE OF THE SAME. THEY ARE STANDARD AND BROADLY WORDED ENOUGH TO MASK- LONG-STANDING DIFFERENCES OVER ECONOMIC DEVELOPMENT POLICY AND IMPLEMENTATION THAT PRESUMABLY CONTINUE TO EXIST.
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